



**Appendix C**

**Leeds City Council**

**Internal Audit Annual Report**

**List of Work Completed 2022-23**

**Corporate Governance and Audit Committee**

**24<sup>th</sup> July 2023**

## INTERNAL AUDIT ANNUAL REPORT – LIST OF WORK COMPLETED 2022/23

### 1 The Annual Reporting Process

1.1 This section provides a summary of all reports issued that contribute to our opinion in this Annual Report. The table below demonstrates the audit opinions given, and also brings out the range of assurance themes that can be drawn from the work undertaken. This underlines the value added within the section and is a key factor in supporting the Head of Audit’s Annual Opinion. The table also includes details of the Corporate Governance and Audit Committee meeting date where the audits were reported.

Report Title	Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
<b>Finance including Key Financial Systems</b>					
Lettings Follow-up	Good	N/A	Minor	Performance Management	June 2023
<b>Procurement</b>					
Semi Independent Living Contract Review	Acceptable	N/A	Minor	Performance Management, Risk and Resilience, Financial Management, Procurement, Contracts and Commissioning, Social Value, Anti-Fraud and Corruption, Value for Money, Governance and Decision Making, Legislative / Regulatory Compliance	February 2023
<b>Directorate risks</b>					
Organisation Culture- Values and Behaviours	Acceptable	N/A	Moderate	Human Resource Management, Risk & Resilience, Ethics & Culture, Consultation & Engagement, Equality, Diversity & Inclusion	June 2023

Report Title	Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
Anti-money laundering arrangements for Land & Property	N/a – Memo Issued We were able to provide assurance that there are appropriate and proportionate anti money laundering arrangements in place.			Anti-Fraud and Corruption, Legislative / Regulatory Compliance	June 2023
Children & Families Special Educational Needs Interim Follow Up	N/a – Memo Issued We have confirmed that the service has developments in progress which are based on our original recommendations, and we have received assurances that these will now be prioritised for implementation as soon as possible.  As a result of this issue, we have agreed further recommendations that will strengthen financial management within the service. Progress against these has been reviewed as part of the formal follow up which is included in the table below.			Financial Management, Legislative / Regulatory Compliance, Business Innovation and Development	September 2023
Houses of Multiple Occupancy Follow Up	Good	Good	Minor	Performance Management, Risk and Resilience, Health and Safety, Legislative / Regulatory Compliance	September 2023
Adults and Health Debt Recovery	Limited	N/a	Moderate	Financial Management, Safeguarding, Risk and Resilience, Legislative / Regulatory Compliance	September 2023
Deputy and Estates	Good	N/a	Minor	Safeguarding, Financial Management, Legislative / Regulatory Compliance, Anti-Fraud and Corruption	September 2023
Supported Accommodation	Good	N/a	Minor	Financial Management, Value for Money, Legislative / Regulatory Compliance	September 2023

Report Title	Audit Opinion			Assurance Themes	Included in Report to CGAC
	Control Environment	Compliance	Impact		
<b>School Audits</b>					
School Audit 1	Acceptable	Limited	N/A	Financial Management, Anti-Fraud and Corruption, Risk and Resilience, Governance & Decision Making.	February 2023
School Audit 2	Acceptable	Limited	N/A	Financial Management, Anti-Fraud and Corruption, Risk and Resilience, Governance & Decision Making.	February 2023
School Audit 3	Acceptable	Limited	N/A	Financial Management, Anti-Fraud and Corruption, Risk and Resilience, Governance & Decision Making.	June 2023
School Audit 4	Substantial	Good	N/A	Financial Management, Anti-Fraud and Corruption, Risk and Resilience, Governance & Decision Making.	June 2023
School Follow up 1	Good	Acceptable	N/A	Financial Management, Anti-Fraud and Corruption, Risk and Resilience, Governance & Decision Making.	June 2022

1.2 The table below provides a summary of the audits which are substantially complete. In these instances, the work has been completed and contributes to the opinion in this Annual Report. However, the reports have not been formally issued. The table shows the proposed audit opinions and the range of assurance themes that can be drawn from the work undertaken.

Report Title	Proposed Audit Opinion			Assurance Themes
	Control Environment	Compliance	Impact	
<b>Finance including Key Financial Systems</b>				
CIS Payments	Substantial	Substantial	Minor	Financial Management, Risk and Resilience, Safeguarding, Legislative / Regulatory Compliance, Business Innovation and Development
Children & Families: Finance Policies and Use of Section 17 Fund	<p>N/a – memo issued</p> <p>We have undertaken a review of several finance policies within Children and Families to ensure that these are fit for purpose. This has identified a number of opportunities to strengthen the overall control environment.</p> <p>We will be undertaking a review of progress in implementing the recommendations made in 2023/24</p>			Financial Management, Legislative / Regulatory Compliance, Value for Money, Safeguarding
Budget Monitoring and Control	Good	N/a	Minor	Performance Management, Risk and Resilience, Financial Management, Business Innovation and Development, Value for Money, Governance and Decision Making, Legislative / Regulatory Compliance
Business Rates	Substantial	Good	Minor	Performance Management, Risk and Resilience, Financial Management, Legislative / Regulatory Compliance, Value for Money
Creditor – Invoicing System Implementation	Good	Substantial	Minor	Performance Management, Risk and Resilience, Financial Management, Legislative / Regulatory Compliance, Value for Money

Report Title	Proposed Audit Opinion			Assurance Themes
	Control Environment	Compliance	Impact	
Income Management System	Acceptable	N/a	Minor	Performance Management, Risk and Resilience, Financial Management, Legislative / Regulatory Compliance
<b>ICT and Information Governance</b>				
Data Protection Impact Assessment Follow Up	<p>N/a – memo issued</p> <p>We have reviewed the progress being made by the service to implement the recommendations made in our original report and have confirmed that new systems are being developed that should either address or facilitate the implementation of these.</p> <p>A further review of the DPIA process will be undertaken in 2023/24 to ensure all key controls in the new DPIA system are operating as expected.</p>			Information Governance, Legislative / Regulatory Compliance, Risk and Resilience, Project and Programme Management
Cyber Security	Acceptable	N/a	Moderate	Cyber Security, Risk and Resilience, Information Governance, Legislative / Regulatory Compliance
Privileged User Access Follow Up	Limited	N/a	Moderate	Cyber Security, Information governance, Legislative / Regulatory Compliance, Risk and Resilience, Anti-Fraud and Corruption
<b>Procurement</b>				
Management of Off Contract Expenditure within Parks & Countryside	Acceptable	N/a	Moderate	Procurement, Contracts & Commissioning, Value for Money, Risk & Resilience, Governance & Decision Making, Legislative / Regulatory Compliance, Anti-Fraud and Corruption, Social Value

Report Title	Proposed Audit Opinion			Assurance Themes
	Control Environment	Compliance	Impact	
<b>Directorate risks</b>				
Special Educational Needs Follow Up	Acceptable	Acceptable	Minor	Financial Management, Legislative / Regulatory Compliance, Business Innovation and Development
No Recourse to Public Funds Follow Up	Limited	Limited	Moderate	Financial Management, Anti-Fraud and Corruption, Safeguarding, Legislative / Regulatory Compliance
Business Continuity	Good	N/a	Minor	Performance Management, Risk and Resilience, Financial Management, Anti-Fraud and Corruption, Governance and Decision Making, Legislative / Regulatory Compliance, Partnerships, Ethics and Culture
Risk Management	Acceptable	N/a	Minor	Performance Management, Risk and Resilience, Financial Management, Business Innovation and Development, Governance and Decision Making, Project and Programme Management, Legislative / Regulatory Compliance

1.3 During the year, we have certified 18 School Voluntary Funds and completed 22 reviews which have provided assurance to various central government departments and other bodies that grant conditions have been complied with. These are listed below:

- Contain Outbreak Management Fund 2021- 22 Grant return
- Local Transport Fund Block Funding 2021-22
- Pothole and Challenge Fund 2021-22
- Local Transport Capital Block Funding (National Productivity Investment Fund (NPIF)) Specific Grant Determination (drainage) 2021-22

- Cycle City Ambition Grant 1 & 2 2021-22
- Universal Drug Treatment Grant
- In-patient Detox Grant
- Test and Trace Support Payment Grant
- Transforming Cities Fund
- Active Travel Fund Tranche 2
- Getting Building Fund
- West Yorkshire Plus TF
- National Productivity Investment Fund - Split Cycle Offset Optimisation Technique / Leeds A6120 Outer Ring Road Cycle Superhighway
- Economic Development (LGD) 2021 22
- Disabled Facilities Grant 2021/22
- Bus Operators Grant
- Green Homes Grant Local Authority Delivery 1B
- Weight Management Grant
- Green Homes Grant Local Authority Delivery 2
- Holiday Activities and Food Programme 2022 Grant review
- West Yorkshire Pension Fund Contributions
- West Yorkshire Combined Authority Adult Education Budget Funding Assurance 2021/22



## 2 Other Audit Work

2.1 During the year we have been involved in a wide range of other audit work which, whilst not culminating in the issue of a formal report, has enabled us to provide ongoing oversight and advice in respect of internal control, governance and transformational activities. The table below summarises the work we have undertaken.

Audit Work Completed	Details	Contribution to Assurance
Core Business Transformation – Work Packages	Provision of support to various work streams within Financial Services that have been set up to ensure that working practices are fit for purpose and in preparation for the introduction of the new core system.	<p>We have worked alongside financial services on the continuing development and evolution of a range of financial dashboards that will prepare the authority for the transformation.</p> <p>We have also provided consultancy work through the Purchase to Pay (P2P) workstream to aid in the development of purchase to payment systems, including contract management arrangements.</p> <p>The work contributes across a range of assurances including financial management, risk management, governance &amp; decision making, business innovation and development, procurement, social value, value for money and Legislative / Regulatory Compliance.</p>
Core Business Transformation – Programme Assurance	<p>Ongoing work to provide review, advice and challenge to the Programme Board including oversight and advice around the procurement process.</p> <p>The finance solution has been identified and KPMG have been appointed to assist officers in implementing the system. A procurement exercise is almost complete to procure new Core HR and payroll technology alongside an Implementation and Transformation Partner.</p>	We have continued to provide assurance in respect of the procurement and risk management process including the provision of regular reports to the Programme Board. The work contributes across a range of assurances including financial management and risk and resilience, governance and decision making, human resource management, project and programme management, procurement, contracts and commissioning and business innovation and development.

Audit Work Completed	Details	Contribution to Assurance
Contracts Procedure Rules Review	Contribution to the regular review of the Council's Contracts Procedure Rules.	The work helps to ensure that the Council's Contract Procedure Rules remain up to date and fit for purpose. This has continued to focus on the accessibility of clear guidance and the way in which CPRs can facilitate commercial activity and empower decision making at the appropriate level.
Financial Regulations Review	Contribution to the review of the Council's Financial Regulations	The work helps to ensure that the Council's Financial Regulations remain up to date and fit for purpose. This has included a review of ownership and oversight of the regulations.
£150 Energy Bill Support Scheme and Alternative Fuel Payment Scheme	<p>Attendance at Project Board set up to oversee the administration of the £150 energy bill support payment to eligible properties, including the discretionary grant component.</p> <p>Provision of guidance and advice regarding the assurance processes for the Alternative Funding Scheme.</p>	Our place on the Project Board and Alternative Payment sub group enables us to provide advice around the controls in place and to ensure that these are designed to meet government guidance and mitigate the risk of fraud. This has also enabled us to review lessons learned in real time.
Homes for Ukraine	Attendance across various groups to oversee the administration of payments to both sponsors and families under the Homes for Ukraine scheme.	This enables us to provide support and advice around the security and integrity of the payments process, ensuring that controls are designed to meet the government guidance and mitigate the risk of fraud or error.
Information Governance Policy Review Group	Attendance at a group set up to review existing information governance policies and protocols.	This enables us to provide support and advice around the policies under review, also offering valuable oversight around the risk management process.

Audit Work Completed	Details	Contribution to Assurance
Data Management	A review on the processes in place to ensure security of personal and special category data held and processed by the council.	<p>The work concluded that although there is a framework of policies, standards and guidelines in place in relation to information security and governance, a number of improvements are required to ensure that the security of data and information remains appropriate. This has been fed back to the business through attendance at the Information Policy Review Group.</p> <p>The work contributes across a range of assurances including information governance, legislative / regulatory compliance, safeguarding, governance and decision making and risk and resilience.</p>
Office of Data Analytics	Attendance at the Office of Data Analytics Board meetings.	<p>This enables us to provide support to the service and ensure that potential risks and control weaknesses are highlighted and considered in the development of the service.</p> <p>Attendance at these meetings also enables us to build intelligence and have greater insight regarding emerging risks.</p>
IDS Governance	Ongoing work to ensure there are appropriate governance arrangements in place within IDS and that they are operating effectively.	<p>We have worked alongside IDS to map and review their governance arrangements to ensure that they are appropriate and are operating effectively.</p> <p>The work contributes across a range of assurances including governance and decision making, legislative / regulatory compliance, consultation and engagement.</p>

Audit Work Completed	Details	Contribution to Assurance
Project Management	Ongoing work to provide support and challenge to the service in the development in the new arrangements for the management of ICT projects.	We have worked alongside IDS on the development of the new arrangements for managing programmes and projects. The work contributes across a range of assurances including project and programme management, governance and decision making and business innovation.
Directorate Sundry Income	An analytical review of Directorate Sundry Income to identify areas of concern which may require further investigation	<p>We undertook an analytical review of invoices raised in Civica Financials to identify any inconsistencies, or variances that may require additional investigation. No areas of concern were identified and the information has been fed into the audit planning process.</p> <p>The work contributes across a range of assurances including financial management, performance management, value for money and legislative / regulatory compliance.</p>
Treasury Management	Data analytics covering treasury transactions from April 2022 to January 2023.	<p>We focussed on treasury transactions using data analytics to provide assurance that treasury transactions have been correctly recorded and accurately paid or received. We confirmed these transactions were traceable through bank accounts and that overall limits on treasury activities, outlined in the Treasury Management Strategy, had not been exceeded.</p> <p>The work contributes across a range of assurances including financial management, performance management and asset management.</p>

Audit Work Completed	Details	Contribution to Assurance
Adults & Health Transformation Programme	Attendance at groups within Adults & Health that have been set up to deliver a key area of transformation for the service in relation to the delivery of home care.	<p>We provide a check and challenge role to support the service and ensure that potential risks and control weaknesses are highlighted and considered in the service redesign.</p> <p>The work contributes across a range of assurances including financial management, value for money, governance and decision making, project and programme management, procurement, contracts and commissioning and business innovation and development.</p>
Income Recovery Board	Attendance at the Adults & Health Programme Board overseeing various ongoing developments looking at maximising client contributions.	<p>We provide a check and challenge role to support the service and ensure that potential risks and control weaknesses are highlighted and considered in the service redesign.</p> <p>Attendance at these meetings also enables us to build intelligence and have greater insight regarding emerging risks.</p>
Adults & Health Budget Review Group	Attendance at a group within Adults & Health that has been set up to monitor progress in the achievement of Budget Action Plans.	This provides us with valuable oversight of progress against Budget Action Plans within the directorate, including the agreement of actions taken where risks to delivery are identified. This also enables us to understand risks and challenges faced by the service that we feed into our audit planning process.
Children & Families Delivery Board	Attendance at a board set up to oversee the plan for guiding Children & Families improvement work during the period of transition out of the pandemic and recovering from its impacts	<p>Providing oversight, input and challenge in relation to the workstreams put in place to deliver budget action plan savings.</p> <p>The work contributes across a range of assurances including financial management and risk and resilience, governance and</p>

Audit Work Completed	Details	Contribution to Assurance
		decision making and project and programme management.
Children and Families – Families First Grant Validation	Regular ad-hoc grant claim validation work carried out throughout the year to support the Directorate.	We were able to confirm the validity of the relevant claim. The work contributes to assurances in respect of financial management and governance.
External Residential Payments	An audit to provide assurance that the most appropriate setting has been made to meet the needs of the child whilst also achieving value for money for the Council.	<p>We commenced a review of external residential placements within the directorate. Subsequent to this as part of the Children &amp; Families Delivery Board work, the service has commenced their own Brokerage Review looking at the overall placement process. This includes the work being carried out as part of the review.</p> <p>Discussions have been held with the service and it has been agreed that the proposed review will be closed. Instead we will provide a check and challenge role through attendance at the Children &amp; Families Delivery Board and supporting the individual workstreams as required to ensure that potential risks and control weaknesses are highlighted and considered.</p>
Decision Making Assurances	A regular review of a sample of decisions made to ensure the correct categorisation and the adequacy of supporting information.	This enables to provide assurance that the decision-making process is working effectively. Where issues have been identified, these are fed back to the Governance Support Teams where appropriate. The issues that we have identified have highlighted opportunities for incremental improvement and reflection rather than significant weaknesses in the arrangements.

<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
General audit queries and advice issued	Over the course of the year, we have received and responded to a number of queries and requests for advice from departments and service areas. These have covered a range of themes and areas, with a significant number relating to financial controls and decisions in schools.	The work contributes to assurance in a range of areas, in particular governance and decision making and financial control. The dialogue with service areas demonstrates how respected and valued the Internal Audit service is. It also provides a level of procedural oversight and a source of intelligence to feed into the audit planning process.